

Frequently Asked Questions (FAQs)

on Bank Indonesia Circular Letter Number 10/27/DPM dated August 21, 2008, concerning Administration Procedures of Government Sharia Securities (SBSN)

Q. How is the administration procedure of SBSN?

A. The administration procedure of SBSN is as follows.

1. SBSN settlement in the primary market;
2. Payment of SBSN coupon and/or nominal value; and
3. SBSN settlement in secondary market.

Q. How is the settlement procedure of SBSN in the primary market?

A. The settlement of SBSN issuance by bookbuilding in the primary market is as follows.

1. Bank Indonesia shall settle SBSN based on selling results determined by the Minister.
2. SBSN settlement shall be conducted no later than 2 (two) business days after the date of SBSN selling result determination (T+2).
3. Calculation of settlement price per unit of SBSN issued by bookbuilding shall be based on the price determination method contained in Memorandum Information issued by the Minister, c.q. the Director General of Debt Management.
4. SBSN tenor shall be stated in actual days (actual per actual) and counted since 1 (one) day after settlement date up to maturity date.
5. Selling Agent shall be accountable for the settlement of all buying orders of each Party which have obtained allotment.
6. Based on SBSN selling results determined by the Minister, on 1 (one) business day prior to the settlement date Selling Agent shall input SBSN allotment per investor through the BI-SSSS, including, among other things, SBSN nominal value, paying Bank, and Sub-Registry.
7. Selling Agent shall be accountable for the setting of broker bidding limit by Bank and/or Sub-Registry and settlement limit by paying Bank in the BI-SSSS.
8. Selling Agent shall be accountable for the reliability and completeness of SBSN allotment data per investor inputted through the BI-SSSS as referred to

in number ...

in number 6.

9. Bank Indonesia shall settle SBSN selling results on settlement date by:
 - a. debiting rupiah demand deposit account with Bank Indonesia of Bank for and its own behalf and/or paying Bank for and on behalf of other Party through the BI-RTGS System and crediting rupiah demand deposit account of the Government with Bank Indonesia.
 - b. crediting securities account of Bank and/or Sub-Registry in the BI-SSSS.
 - c. the debiting of rupiah demand deposit account of Bank with Bank Indonesia as referred to in letter a and crediting of securities account in the BI-SSSS as referred to in letter b shall take into account of distinctive membership between Bank conducting business on conventional basis and Sharia Business Unit activities in the Bank as referred to in Bank Indonesia regulatory provisions concerning the BI-RTGS System and the BI-SSSS.
10. If the balance of the rupiah demand deposit account of Bank and/or paying Bank with Bank Indonesia as referred to in number 9 letter a is inadequate to conduct redemption of the whole or a part of its liabilities up to the BI-RTGS System cut-off warning, the whole SBSN allotment which is settled through Bank and/or paying Bank shall be declared cancelled.
11. Bank Indonesia shall inform the failure in transaction settlement as referred to in number 10 in writing to the Minister, c.q. the Director General of Debt Management.

Q. How is the payment procedure of SBSN coupon and/or nominal value?

- A. The payment procedure of SBSN coupon and/or nominal value is as follows.
 1. Bank Indonesia shall pay SBSN coupon and/or nominal value based on SBSN ownership position registered in the BI-SSSS on 2 (two) business days prior to maturity date of SBSN coupon and/or nominal value payment (T-2).
 2. The SBSN coupon and/or nominal value payment as referred to in number 1 shall be executed on the maturity date by debiting rupiah demand deposit account of the Government with Bank Indonesia and crediting rupiah demand deposit account of Bank and/or paying Bank with Bank Indonesia at the amount of SBSN yield and/or nominal value.

3. The crediting of rupiah demand deposit account of Bank with Bank Indonesia as referred to in number 2 shall taking into account of distinctive membership between Bank conducting business on conventional basis and Sharia Business Unit activities in the Bank as referred to in Bank Indonesia regulatory provisions concerning the BI-RTGS System.
4. On the day of SBSN coupon and/or nominal value payment by Bank Indonesia, the Sub-Registry is required to forward the payment of SBSN coupon and/or nominal value to investor registered in the Sub-Registry.

Q. How is the settlement procedure of SBSN in secondary market?

- A. The settlement procedure of SBSN transaction in secondary market shall refer to applicable Bank Indonesia provisions regulating the BI-SSSS.

DPM